

FISCAL MEMORANDUM

SB 4028 – HB 3958

April 2, 2008

SUMMARY OF AMENDMENTS (014948, 015685): Amendment #014948 replaces the board of directors with the board of commissioners in the amendatory language of Section 28 of the original bill. Amendment #015685 requires the Department of Correction (DOC), as a pilot project, to contract with one regional jail authority for a minimum number of inmates 50 percent higher than the average number of state prisoners housed in jails in those counties that are participants in the authority of the previous five years immediately preceding the date of such contract. Requires DOC to reimburse authorities an additional daily rate of up to \$15 in addition to the \$35 compensation paid by the Commissioner of Correction to counties to house convicted felons, subject to funds being appropriated by the General Assembly in the general appropriations act. Directs the Select Oversight Committee on Corrections to approve such reimbursement rate for each contract, and all programs to be offered by the authority. The Tennessee Corrections Institute (TCI) together with the Commissioner of DOC shall review each application of any authority desiring to be considered for additional compensation or incentive funds. Requires TCI to prepare an annual report to the Select Oversight Committee on Corrections and to promulgate rules and regulations to implement such pilot project.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$7,687,100

Increase Local Revenue - \$6,997,100

Increase Local Expenditures - \$285,000,000/One-Time/Permissive

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures - \$2,563,900

Increase Local Revenue - \$2,333,900

Increase Local Expenditures - \$65,000,000/One-Time/Permissive

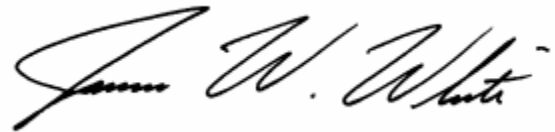
Assumptions applied to amendments:

- If the regional jail authority elects to build one new regional jail housing 1,000 prisoners each at an average cost of \$65,000 per bed for a typical medium security facility, based upon recent report published by the PEW Center on the States, the total cost of one facility will be \$65,000,000 ($1,000 \times \$65,000 = \$65,000,000$). It is assumed that Shelby and Davidson counties will not participate.
- Currently, local jails are reimbursed by DOC for housing locally sentenced felons and felons awaiting space in the state prison system at a rate of \$35 per day, with the exception of Shelby and Davidson counties. The state will be required to reimburse regional jail authorities for felons housed in regional jails at a rate of \$50 per day.
- An average of 71 felons is currently housed in each local facility. Assuming four facilities participated in each regional authority, DOC would be required to contract for 150 percent of the number of felons currently housed, a total of 426 felons ($71 \text{ felons} \times 4 \text{ existing jails} \times 150\% \text{ of currently housed felons} = 426 \text{ felons}$).
- The state cost of housing these felons in regional jails at \$50 per day will be \$7,779,825 ($\$50 \times 426 \text{ felons} \times 365.25 \text{ days}$). The current cost of housing these felons in local jails at \$35 per day is \$5,445,877.50 ($\$35 \times 426 \text{ felons} \times 365.25 \text{ days}$). The net increase in state expenditures from the higher reimbursement rate will be \$2,333,947.50 ($\$7,779,825 - \$5,445,877.50 = \$2,333,947.50$). This increase equates to \$5,479 per prisoner per year.
- According to the DOC, the average operating cost per inmate per day for calendar year 2008 is \$62.78. All beds in state prisons will remain filled. A number of felons equivalent to the additional number housed in regional jails will be transferred from existing local jails to the state prison system. Therefore, there will be no reduction in cost to the state prison system. In effect, the cost will be shifted from existing jails at \$35 per day to regional jails at \$50 per day.
- DOC will be required to provide two staff members for the regional jail to ensure compliance with DOC's responsibilities in the handling of prisoners. The cost of these positions (salaries and benefits) will be \$150,000. Additional costs for the Tennessee Offender Management Information System and miscellaneous costs will be \$80,000. These personnel and miscellaneous costs total \$230,000. The total state cost, combining reimbursement, personnel, and miscellaneous costs, is \$2,563,947.50 ($\$2,333,947.50 + \$230,000 = \$2,563,947.50$).
- DOC is not prohibited by other laws from contracting with regional authorities.
- Local governments will shift personnel from existing jails to the new facilities without creating additional positions.
- According to the Department of Revenue, this bill will not have a significant impact on revenue collections as the authority will not be subject to Tennessee Franchise and Excise Tax or to Sales and Use Tax.

- According to the Tennessee Corrections Institute, any cost incurred to prepare the annual report to the Select Oversight Committee on Corrections and to promulgate rules and regulations to implement the pilot project can be accommodated within existing resources.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/lsc